

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1561,
FILED, MAY 4th, 1967.

JUL 14 1967

MILL CITY PETROLEUMS LIMITED

Full corporate name of Company
Incorporated under the Dominion Companies Act by Letters Patent
August 7, 1929

Particulars of incorporation (e.g., Incorporated under Part IV of the Corporations Act, 1953
(Ontario) by Letters Patent dated May 1st, 1957).

Reference is made to previous
Filing Statement No. 1406 and
Amending Filing Statements Nos.

FILING STATEMENT

(To be filed with respect to any material change in a company's affairs, including among other things, 319 & 323.
an underwriting and option agreement, an issue of shares for property and a proposed re-organization.)

1. Brief statement of the material change in the affairs of the company in respect of which this statement is filed.	(1) Sales and/or farmouts of Petroleum and Natural Gas Reservations and/or Permits netting the Company \$575,607.12 cash. (2) Purchase from Dynamic Petroleum Products Ltd. of an undivided 10% interest in certain Petroleum and Natural Gas Properties, Petroleum and Natural Gas Reserves and wells located thereon, in the Jenner Area of Alberta, as set out in Schedule "B" on page 3 for \$75,000.00. See Schedules "A" and "B" on pages 2 and 3.
2. Head office address and any other office address.	210 Fina Building 736 Eighth Avenue S.W. Calgary, Alberta
3. Names, addresses and chief occupations for the past five years of present or proposed officers and directors.	ROGER D. PAUGH, President and Director, Petroleum Accountant 24 Cardiff Place, Calgary, Alberta FRANK BROWN, Vice-President and Director, Oil Company Executive, 16 Massey Place, Calgary, Alberta R. CLIVE BROWN, Secretary-Treasurer and Director, Petroleum Engineer 24 Massey Place, Calgary, Alberta A. P. NEWALL, JR., Director, Oil Company Executive 7607 - 7th Street S.W., Calgary, Alberta A. P. NEWALL, SR., Director, Stock Broker 702 Centre A Street N.W., Calgary, Alberta
4. Share capitalization showing authorized and issued and outstanding capital.	Authorized Capital - 6,000,000 shares without par value Issued and Outstanding Capital - 5,627,834 shares.
5. Particulars in respect of any bonds, debentures, notes, mortgages, charges, liens or hypothecations outstanding.	Producing properties and hypothecated to the Royal Bank of Canada under Section 82 of the Bank Act as security for a loan.
6. Details of any treasury shares or other securities now the subject of any underwriting, sale or option agreement or of any proposed underwriting, sale or option agreement.	On March 18, 1964, the Directors granted share options to four key employees on a total of 270,000 shares of the Company at a price of 15¢ per share, exercisable to the extent of 20% per year over a five-year period. Options on 202,500 shares have been exercised.
7. Names and addresses of persons having any interest, direct or indirect in underwritten or optioned shares or other securities or assignments, present or proposed, and, if any assignment is contemplated, particulars thereof.	Roger D. Paugh 24 Cardiff Place, Calgary, Alberta Frank Brown 16 Massey Place, Calgary, Alberta R. Clive Brown 24 Massey Place, Calgary, Alberta A. P. Newall, Jr. 7607 - 7th St. S.W., Calgary, Alberta
8. Any payments in cash or securities of the company made or to be made to a promoter or finder in connection with a proposed underwriting or property acquisition.	None
9. Brief statement of company's future development plans, including proposed expenditure of proceeds of sale of treasury shares, if any.	(1) The Company plans to continue its geological evaluation of its own large holdings of P. & N.G. rights in Western Canada, and also to evaluate and if warranted, to drill attractive looking prospects. (2) To participate in the exploration and evaluation of mining properties in British Columbia and the Yukon Territory.
10. Brief statement of company's chief development work during past year.	(1) During the past year, the Company drilled or participated in the drilling of 5 wells; 1 in the Brandon area of Manitoba; 1 in the Arcola area of Saskatchewan; 1 in the Rainbow Lake area, 1 in the Cadotte River area, and 1 in the Steele Lake area, all in Alberta. All wells were abandoned. (2) The Company also participated in a moderate prospecting and mineral exploration program in British Columbia, resulting in the acquisition by Mill City and associates of approximately 300 mineral claims.

SCHEDULE "A"

SCHEDULE OF TRANSACTIONS INVOLVING SALE AND/OR FARMOUT OF INTERESTS OF
MILL CITY PETROLEUMS LIMITED IN PETROLEUM AND NATURAL GAS PROPERTIES

- (1) Ruth Superstein - On January 1, 1966, Mill City sold to Ruth Superstein all of Mill City's interest in Wainwright Unit No. 5, being 3.599039% working interest in the Unit, for \$22,500.00
- (2) Syracuse Oils Limited - On February 24, 1966, Mill City farmed out to Syracuse Oils Limited, Petroleum and Natural Gas Reservation No. 806 in the McMurray area of Alberta, retaining to Mill City 25% net beneficial interest. On July 29, 1966, Syracuse farmed out this Reservation to Imperial Oil Enterprises Ltd. for a bonus consideration and an overriding gross royalty. Mill City's share of the bonus was \$17,254.00 and Mill City retained 0.75% gross overriding royalty.
- (3) Chevron Standard Limited - On July 12, 1966, Mill City and associates farmed out to Chevron Standard Limited, Petroleum and Natural Gas Permit Nos. 4169 and 4173 located in the Northwest Territories, retaining to Mill City and associates 2½% gross overriding royalty and receiving a bonus in the amount of \$47,843.20. Mill City's share of this bonus was \$11,960.80.
- (4) Berkley Oil and Gas Ltd. - On July 26, 1966, Mill City farmed out to Berkley Oil and Gas Ltd. for a bonus of \$7,000.00, Saskatchewan Permit Nos. 1734, 1735 and 1736, with Mill City retaining a gross overriding royalty of 3%. In addition, Mill City was given 1½% gross overriding royalty in Berkley Permit No. 1726 located in the same area.
- (5) Central Del Rio Oils Limited - On November 23, 1966, Mill City farmed out to Central Del Rio Oils Limited, Petroleum and Natural Gas Reservation No. 1116, located in the Lesser Slave Lake area of Alberta, for a cash bonus of \$15,000.00, with Mill City retaining 3% gross overriding royalty.
- (6) Imperial Oil Enterprises Ltd. - On December 12, 1966, Mill City sold to Imperial Oil Enterprises Ltd. all Mill City's interest in Alberta Crown Petroleum and Natural Gas Lease No. 9307, located in the Mitsue area of Alberta, for \$20,446.44.
- (7) Montclair Oil Limited - On January 3, 1967, Mill City farmed out to Montclair Oil Limited, Petroleum and Natural Gas Permit Nos. 4662 to 4667 inclusive, in the Fish Lake area of the Northwest Territories, retaining a gross overriding royalty of 2½%, and receiving a bonus in the amount of \$65,053.00.
- (8) French Petroleum Company of Canada Limited - On January 20, 1967, Mill City sold to French Petroleum Company of Canada Limited, for \$225,025.00 50% of Mill City's interest in an Agreement dated December 23, 1965, between itself and Canadian Superior Oil Company, covering Petroleum and Natural Gas Reservation Nos. 642 and 643 located in the Margaret Lake area of Northern Alberta. At such time as Canadian Superior has earned its 50% interest in these lands, Mill City will still have an undivided 25% working interest in them.
- (9) Home Oil Company Limited - On March 3, 1967, Home Oil Company Limited exercised its option to purchase Petroleum and Natural Gas Reservation No. 524 by paying to Mill City \$61,440.00 with Mill City retaining 3% gross overriding royalty.

On March 13, 1967, Home Oil Company Limited exercised its option to purchase Petroleum and Natural Gas Reservation No. 514 by paying to Mill City \$80,640.00 with Mill City retaining 3% gross overriding royalty.
- (10) Northern Oil Explorers Ltd. - On March 7, 1967, Mill City and associates farmed out to Northern Oil Explorers Ltd., Petroleum and Natural Gas Permit Nos. 4161; 4164 to 4168 inclusive; and 4174; all located in the Northwest Territories, retaining to Mill City and Associates 2½% gross overriding royalty and receiving a bonus in the amount of \$67,414.00. Mill City's share of this bonus was \$16,853.50.

On April 18, 1967, Mill City and Associates also farmed out to Northern Oil Explorers Ltd., Petroleum and Natural Gas Permit Nos. 4162 and 4163 receiving only a gross overriding royalty of 2½%.

- (11) Mobil Oil Canada, Ltd. - On March 15, 1967, Mill City and Associates farmed out to Mobil Oil Canada, Ltd., Petroleum and Natural Gas Permit Nos. 4171, 4172, 4175 and 4177, all located in the Northwest Territories, retaining to Mill City and Associates 2½% gross overriding royalty, and receiving a bonus of \$42,000.00. Mill City's share of this bonus was \$10,500.00.
- (12) General Petroleum Drilling Co. Ltd. - By an Agreement dated March 16, 1967, Mill City sold all of its interest, being 0.328923%, in the Crossfield Cardium Unit of Alberta, to General Petroleum Drilling Co. Ltd. for \$14,500.00.
- (13) Shell Canada Limited - On April 4, 1967, Mill City and Associates farmed out to Shell Canada Limited, Petroleum and Natural Gas Permit Nos. 4170, 7176, 4712, and 4713, all located in the Northwest Territories, retaining to Mill City and Associates 2½% gross overriding royalty and receiving a bonus of \$29,737.50; Mill City's share of this bonus was \$7,434.38.

SCHEDULE "B"

By an Agreement dated December 29, 1966, between Dynamic Petroleum Products Ltd. and Mill City Petroleum Limited, Dynamic sold to Mill City an undivided 10% working interest in the following Petroleum and Natural Gas properties, wells located thereon and oil and natural gas reserves located thereunder.

(1) Crown Petroleum and Natural Gas Leases

Petroleum and Natural Gas Lease Nos. 100285; 100287 to 100295 inclusive; 100297 to 100305 inclusive; 100306 (ptn); 100306-A, 100306-B, 100306-C; 100307 to 100311 inclusive; 100293; all located in Twps. 21, 22 and 23, Rges. 8 & 9, West of the 4th Meridian, containing in total 39,453 acres.

(2) Crown Petroleum and Natural Gas Leases - All Zones except Bow Island and Basal Colorado - Petroleum only in Bow Island and Basal Colorado

Lease Nos. 122007 to 122010 inclusive; located in Twp. 22, Rge. 8, West of the 4th Meridian; containing in total 1,120 acres.

(3) Crown Petroleum and Natural Gas Leases - All Zones Except Viking - Petroleum only in the Viking

Lease Nos. 122224 to 122227 inclusive; 122997 to 123000 inclusive; 123006; all located in Twp. 22, Rges. 8 & 9, West of the 4th Meridian; containing in total 3,193 acres.

(4) Crown Natural Gas Lease - Bow Island and Basal Colorado Sandstone Zones

Natural Gas Lease Nos. 565, 566, and 616, located in Twp. 22, Rges. 8 and 9, and in Twp. 23, Rge. 8, West of the 4th Meridian; containing in total 17,779 acres.

(5) Wells

Fina Dynamic Jenner	10-10-21-8-W.4	- Gas
Fina Dynamic Jenner	7-35-22-8-W.4	- Gas
Fina Dynamic Jenner	11-16-22-8-W.4	- Gas
Fina Dynamic Jenner	11-16-22-9-W.4	- Gas
Fina Dynamic Jenner	11-17-21-9-W.4	- Oil
Fina Dynamic Jenner	11-23-22-9-W.4	- Oil
Fina Dynamic Jenner	7-12-23-8-W.4	- Gas
Fina Dynamic Jenner	10-25-22-8-W.4	- Gas
Fina Dynamic Jenner	6-27-22-9-W.4	- Oil
Fina Dynamic Jenner	10-18-22-9-W.4	- Gas
Fina Dynamic Jenner	6- 5-22-9-W.4	- Gas
Fina Dynamic Jenner	7-13-22-8-W.4	- Gas
Fina Dynamic Jenner	11- 1-22-8-W.4	- Gas

MILL CITY PETROLEUMS LIMITED

MARCH 31, 1967

CURRENT:

OPERATING AND PERFORMANCE DEPOSITS

DEFERRED ACCOUNT RECEIVABLE - Agreement for Sale	3,779.34
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Shares of and advances (\$1,058.46) to subsidiary companies

PROPERTY, PLANT AND EQUIPMENT - at costLIABILITIES

CURRENT:

SHAREHOLDERS' EQUITY:

Approved on behalf of the Board

Director

Director

MILL CITY PETROLEUMS LIMITED

STATEMENT OF INCOME AND SURPLUS

For the three (3) months ended March 31, 1967

REVENUE:

Crude oil and natural gas sales less royalties	\$ 111,240.66
Less production and plant expenses	<u>31,932.25</u>
	79,308.41
Other income	<u>311.42</u>
	79,619.83

EXPENSE:

Administrative and general	\$17,069.38
Geological and geophysical	6,394.35
Rentals on petroleum and natural gas interests	7,387.33
Dry hole drilling costs	<u>59,700.03</u>
	90,551.09

Cash loss on operations	10,931.26
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Add - depreciation and depletion	<u>42,785.19</u>
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	53,716.45
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Deduct - profit from sale of petroleum and natural gas interests	<u>462,924.38</u>
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NET PROFIT	409,207.93
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Surplus at beginning of period	<u>1,633,831.19</u>
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Surplus at end of period	<u>\$2,043,039.12</u>
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STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the three (3) months ended March 31, 1967

SOURCE OF FUNDS:

Sale of petroleum and natural gas interests	\$ 481,427.99
Treasury shares issued - 13,500 shares @ \$0.15/share	2,025.00
Principal payments on Agreement for Sale	<u>15.58</u>
	483,468.57

APPLICATION OF FUNDS:

Cash loss on operations	\$10,931.26
Operating and performance deposits	13,966.93
Special 5% refundable tax	1,373.60
Advance to subsidiary company	65.40
Plant and equipment	<u>10,166.55</u>
	<u>36,503.74</u>

Increase in working capital	446,964.83
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Working capital at December 31, 1966	<u>(250,157.31)</u>
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Working capital at March 31, 1967	<u>\$ 196,807.52</u>
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Material changes in the financial position
of the Company, to the date of this filing
statement, excluding operations in the
normal course of business.

Working capital at March 31, 1967	\$196,807.52
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Add - 27,000 treasury shares issued @ \$0.15/share	<u>4,050.00</u>
	200,857.52

Less - amount added to investments covering the purchase of 192,000 shares of Royal Canadian Ventures Ltd. @ \$0.53/share from Dynamic Petroleum Products Ltd.	<u>101,760.00</u>
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Revised working capital	<u>\$ 99,097.52</u>
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Approved on behalf of the Board

 Director

 Director

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Dynamic Petroleum Products Ltd., 210 Fina Bldg., 736 Eighth Avenue S.W., Calgary, Alberta, is the vendor of an undivided 10% interest in certain petroleum and natural gas properties, the wells located thereon, and petroleum and natural gas reserves in the Jenner area of Alberta. The consideration paid to Dynamic was \$75,000.00.																																				
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	The following persons have a greater than 5% interest in Dynamic Petroleum Products Ltd.: Robert Clive Brown 24 Massey Place, Calgary, Alberta Frank Brown 16 Massey Place, Calgary, Alberta Archibald Park Newall, Jr. 7607 - 7 St. S.W., Calgary, Alberta Harold Paul Henderson 37 King St. E., King Edward Sheraton Hotel, Toronto, Ontario																																				
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None																																				
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None																																				
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Dynamic Petroleum Products Ltd., Calgary 1,170,988 shares Royal Canadian Ventures Ltd., Calgary 1,068,854 shares *James Richardson & Sons, Winnipeg 399,572 shares *Bongard & Co. Ltd., Toronto 98,150 shares *Midland Osler Securities, Toronto 75,899 shares * No knowledge of beneficial owner.																																				
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Royal Canadian Ventures Ltd., 210 Fina Building, Calgary, Alberta Dynamic Petroleum Products Ltd., 210 Fina Building, Calgary, Alberta																																				
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><tr><th>Shares</th><th>Company</th><th>Cost</th><th>Market Value</th></tr><tr><td>25,000</td><td>Dynalta Oil & Gas Co. Ltd.</td><td>\$ 6,125.00</td><td>\$ Not quoted</td></tr><tr><td>425,000</td><td>Dynamic Petroleum Products Ltd.</td><td>115,000.00</td><td>463,250.00</td></tr><tr><td>792,000</td><td>Royal Canadian Ventures Ltd.</td><td>261,760.00</td><td>229,680.00</td></tr><tr><td>6,096,694</td><td>Permo Gas & Oil Limited</td><td>2,255,776.78</td><td>1,280,305.74</td></tr><tr><td>1</td><td>DMC Petroleum Pty. Limited</td><td>1.20</td><td>Not quoted</td></tr><tr><td colspan="4">Subsidiary Company:</td></tr><tr><td>2 shares at cost</td><td>Mill City Petroleums (U.K.) Limited</td><td>\$ 6.04</td><td></td></tr><tr><td>Advances</td><td></td><td>1,058.46</td><td>1,064.50 Not quoted</td></tr></table> <p>As disclosed in Dynamic Petroleum Products Ltd. Filing Statement No. 1383 dated December 22, 1965, the shares of Dynamic Petroleum Products Ltd. shall not be sold, loaned, distributed, transferred or dealt with in any manner whatsoever without the prior consent of The Toronto Stock Exchange.</p>	Shares	Company	Cost	Market Value	25,000	Dynalta Oil & Gas Co. Ltd.	\$ 6,125.00	\$ Not quoted	425,000	Dynamic Petroleum Products Ltd.	115,000.00	463,250.00	792,000	Royal Canadian Ventures Ltd.	261,760.00	229,680.00	6,096,694	Permo Gas & Oil Limited	2,255,776.78	1,280,305.74	1	DMC Petroleum Pty. Limited	1.20	Not quoted	Subsidiary Company:				2 shares at cost	Mill City Petroleums (U.K.) Limited	\$ 6.04		Advances		1,058.46	1,064.50 Not quoted
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18. Brief statement of any lawsuits pending or in process against company or its properties.	A Statement of Claim has been filed against the Company by a former managing director claiming damages for wrongful dismissal and requiring specific performance of an alleged stock option agreement. A defence and counterclaim against this action has been prepared by the Company's solicitor.																																				
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None, other than those required in normal exploration and producing operations.																																				
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	Since the date of the balance sheet attached hereto, the demand loan receivable has been repaid by Ardley Coal Limited in the amount of \$90,000.00 and the Company has paid the demand note payable to Dynamic Petroleum Products Ltd. in the amount of \$200,000.00. No shares of the Company are in the course of primary distribution to the public.																																				

CERTIFICATE OF THE COMPANY

DATED May 24, 1967

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

Roger D. Paugh

Roger D. Paugh
President

CORPORATE SEAL

R. C. Brown

R. C. Brown
Secretary-Treasurer

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)

THE TORONTO STOCK EXCHANGE

FILING STATEMENT NO. 1561.
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MILL CITY PETROLEUMS LIMITED

Full corporate name of Company
Incorporated under the Dominion Companies Act by Letters Patent
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On April 18, 1967, Mill City and Associates also farmed out to Northern Oil Explorers Ltd., Petroleum and Natural Gas Permit Nos. 4162 and 4163 receiving only a gross overriding royalty of 2½%.

- (11) Mobil Oil Canada, Ltd. - On March 15, 1967, Mill City and Associates farmed out to Mobil Oil Canada, Ltd., Petroleum and Natural Gas Permit Nos. 4171, 4172, 4175 and 4177, all located in the Northwest Territories, retaining to Mill City and Associates 2½% gross overriding royalty, and receiving a bonus of \$42,000.00. Mill City's share of this bonus was \$10,500.00.
- (12) General Petroleum Drilling Co. Ltd. - By an Agreement dated March 16, 1967, Mill City sold all of its interest, being 0.328923%, in the Crossfield Cardium Unit of Alberta, to General Petroleum Drilling Co. Ltd. for \$14,500.00.
- (13) Shell Canada Limited - On April 4, 1967, Mill City and Associates farmed out to Shell Canada Limited, Petroleum and Natural Gas Permit Nos. 4170, 7176, 4712, and 4713, all located in the Northwest Territories, retaining to Mill City and Associates 2½% gross overriding royalty and receiving a bonus of \$29,737.50; Mill City's share of this bonus was \$7,434.38.

SCHEDULE "B"

By an Agreement dated December 29, 1966, between Dynamic Petroleum Products Ltd. and Mill City Petroleum Limited, Dynamic sold to Mill City an undivided 10% working interest in the following Petroleum and Natural Gas properties, wells located thereon and oil and natural gas reserves located thereunder.

(1) Crown Petroleum and Natural Gas Leases

Petroleum and Natural Gas Lease Nos. 100285; 100287 to 100295 inclusive; 100297 to 100305 inclusive; 100306 (ptn); 100306-A, 100306-B, 100306-C; 100307 to 100311 inclusive; 100293; all located in Twps. 21, 22 and 23, Rges. 8 & 9, West of the 4th Meridian, containing in total 39,453 acres.

(2) Crown Petroleum and Natural Gas Leases - All Zones except Bow Island and Basal Colorado - Petroleum only in Bow Island and Basal Colorado

Lease Nos. 122007 to 122010 inclusive; located in Twp. 22, Rge. 8, West of the 4th Meridian; containing in total 1,120 acres.

(3) Crown Petroleum and Natural Gas Leases - All Zones Except Viking - Petroleum only in the Viking

Lease Nos. 122224 to 122227 inclusive; 122997 to 123000 inclusive; 123006; all located in Twp. 22, Rges. 8 & 9, West of the 4th Meridian; containing in total 3,193 acres.

(4) Crown Natural Gas Lease - Bow Island and Basal Colorado Sandstone Zones

Natural Gas Lease Nos. 565, 566, and 616, located in Twp. 22, Rges. 8 and 9, and in Twp. 23, Rge. 8, West of the 4th Meridian; containing in total 17,779 acres.

(5) Wells

Fina Dynamic Jenner	10-10-21-8-W.4	-	Gas
Fina Dynamic Jenner	7-35-22-8-W.4	-	Gas
Fina Dynamic Jenner	11-16-22-8-W.4	-	Gas
Fina Dynamic Jenner	11-16-22-9-W.4	-	Gas
Fina Dynamic Jenner	11-17-21-9-W.4	-	Oil
Fina Dynamic Jenner	11-23-22-9-W.4	-	Oil
Fina Dynamic Jenner	7-12-23-8-W.4	-	Gas
Fina Dynamic Jenner	10-25-22-8-W.4	-	Gas
Fina Dynamic Jenner	6-27-22-9-W.4	-	Oil
Fina Dynamic Jenner	10-18-22-9-W.4	-	Gas
Fina Dynamic Jenner	6- 5-22-9-W.4	-	Gas
Fina Dynamic Jenner	7-13-22-8-W.4	-	Gas
Fina Dynamic Jenner	11- 1-22-8-W.4	-	Gas

FINANCIAL STATEMENTS

MILL CITY PETROLEUMS LIMITED

BALANCE SHEET

MARCH 31, 1967

ASSETS

CURRENT:

Cash	\$ 46,084.48
Accounts receivable	270,147.63
(1) Demand note receivable - (Ardley Coal Limited)	90,000.00
Government of Canada bonds - at cost	88,461.20
(par value \$137,500 - market value \$82,156)	
Accrued interest receivable	5,706.99
	<u>500,400.30</u>

OPERATING AND PERFORMANCE DEPOSITS

13,966.93

SPECIAL 5% REFUNDABLE TAX

1,373.60

DEFERRED ACCOUNT RECEIVABLE - Agreement for Sale

3,779.34

INVESTMENTS AND ADVANCES

Shares of and advances (\$1,058.46) to subsidiary companies	\$	1,065.70	
Shares of other companies			
Dynalta Oil & Gas Ltd. - 25,000 shares - at cost		6,125.00	
(market value \$6,250)			
Dynamic Petroleum Products Ltd. - 425,000 shares - at cost		115,000.00	
(market value \$561,000)			
Permo Gas & Oil Limited - 6,096,694 shares - at cost		2,255,776.78	
(market value \$1,341,272)			
Royal Canadian Ventures Ltd. - 600,000 shares - at cost		160,000.00	
(market value \$180,000)			
			2,537,967.48

PROPERTY, PLANT AND EQUIPMENT - at cost

Petroleum and natural gas interests	1,043,256.55	
Well development expenditures	1,356,211.60	
Production equipment	454,742.32	
Other equipment	200,351.29	
Mining interests	1,175.64	
	<u>3,055,737.40</u>	
Less accumulated depreciation and depletion	<u>1,707,902.28</u>	<u>1,347,835.12</u>
		<u>\$4,405,322.77</u>

LIABILITIES

CURRENT:

Bank loan - secured	\$	100.00
Accounts payable		103,492.78
(2) Demand note payable - Dynamic Petroleum Products Ltd.		200,000.00
		<u>303,592.78</u>

SHAREHOLDERS' EQUITY:

Capital -		
Authorized - 6,000,000 common shares of no par value		
Issued - 5,600,834 shares	\$2,058,690.87	
Surplus	<u>2,043,039.12</u>	<u>4,101,729.99</u>

(1) Demand note receivable - \$90,000 paid May 24, 1967	\$4,405,322.77
(2) Demand note payable - \$200,000 paid May 24, 1967	

Approved on behalf of the Board

Director

Director

For the three (3) months ended March 31, 1967

Crude oil and natural gas sales less royalties	\$ 111,240.66
Less production and plant expenses	<u>31,932.25</u>
	79,308.41
Other income	<u>311.42</u>
	79,619.83

Administrative and general	\$17,069.38	
Geological and geophysical	6,394.35	
Rentals on petroleum and natural gas interests	7,387.33	
Dry hole drilling costs	59,700.03	90,551.09

Surplus at end of period	\$2,043,039.12
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Sale of petroleum and natural gas interests	\$ 481,427.99
Treasury shares issued - 13,500 shares @ \$0.15/share	2,025.00
Principal payments on Agreement for Sale	15.58
	<u>483,468.57</u>

Cash loss on operations	\$10,931.26	
Operating and performance deposits	13,966.93	
Special 5% refundable tax	1,373.60	
Advance to subsidiary company	65.40	
Plant and equipment	10,166.55	36,503.74

Increase in working capital	446,964.83
Working capital at December 31, 1966	(250,157.31)
Working capital at March 31, 1967	<u>\$ 196,807.52</u>

Material changes in the financial position
of the Company, to the date of this filing
statement, excluding operations in the
normal course of business.

Add - 27,000 treasury shares issued @ \$0.15/share	4,050.00
	<u>200,857.52</u>

Less - amount added to investments covering the purchase of 192,000 shares of Royal Canadian Ventures Ltd. @ \$0.53/share from Dynamic Petroleum Products Ltd.	101,760.00
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Approved on behalf of the Board

Director

Director

11. Names and addresses of vendors of any property or other assets intended to be purchased by the company showing the consideration to be paid.	Dynamic Petroleum Products Ltd., 210 Fina Bldg., 736 Eighth Avenue S.W., Calgary, Alberta, is the vendor of an undivided 10% interest in certain petroleum and natural gas properties, the wells located thereon, and petroleum and natural gas reserves in the Jenner area of Alberta. The consideration paid to Dynamic was \$75,000.00.																																
12. Names and addresses of persons who have received or will receive a greater than 5% interest in the shares or other consideration to be received by the vendor. If the vendor is a limited company, the names and addresses of persons having a greater than 5% interest in the vendor company.	The following persons have a greater than 5% interest in Dynamic Petroleum Products Ltd.: Robert Clive Brown 24 Massey Place, Calgary, Alberta Frank Brown 16 Massey Place, Calgary, Alberta Archibald Park Newall, Jr. 7607 - 7 St. S.W., Calgary, Alberta Harold Paul Henderson 37 King St. E., King Edward Sheraton Hotel, Toronto, Ontario																																
13. Number of shares held in escrow or in pool and a brief statement of the terms of escrow or the pooling agreement.	None																																
14. Names and addresses of owners of more than a 5% interest in escrowed shares and their shareholdings (If shares are registered in the names of nominees or in street names, give names of beneficial owners, if possible.)	None																																
15. Names, addresses and shareholdings of five largest registered shareholders and if shareholdings are pooled or escrowed, so stating. If shares are registered in names of nominees or in street names, give names of beneficial owners, if possible, and if names are not those of beneficial owners, so state.	Dynamic Petroleum Products Ltd., Calgary 1,170,988 shares Royal Canadian Ventures Ltd., Calgary 1,068,854 shares *James Richardson & Sons, Winnipeg 399,572 shares *Bongard & Co. Ltd., Toronto 98,150 shares *Midland Osler Securities, Toronto 75,899 shares * No knowledge of beneficial owner.																																
16. Names, and addresses of persons whose shareholdings are large enough to materially affect control of the company.	Royal Canadian Ventures Ltd., 210 Fina Building, Calgary, Alberta Dynamic Petroleum Products Ltd., 210 Fina Building, Calgary, Alberta																																
17. If assets include investments in the shares or other securities of other companies, give an itemized statement thereof showing cost or book value and present market value.	<table><thead><tr><th>Shares</th><th>Company</th><th>Cost</th><th>Market Value</th></tr></thead><tbody><tr><td>25,000</td><td>Dynalta Oil & Gas Co. Ltd.</td><td>\$ 6,125.00</td><td>\$ Not quoted</td></tr><tr><td>425,000</td><td>Dynamic Petroleum Products Ltd.</td><td>115,000.00</td><td>463,250.00</td></tr><tr><td>792,000</td><td>Royal Canadian Ventures Ltd.</td><td>261,760.00</td><td>229,680.00</td></tr><tr><td>6,096,694</td><td>Permo Gas & Oil Limited</td><td>2,255,776.78</td><td>1,280,305.74</td></tr><tr><td>1</td><td>DMC Petroleum Pty. Limited</td><td>1.20</td><td>Not quoted</td></tr><tr><td>2 shares at cost</td><td>Subsidiary Company: Mill City Petroleum (U.K.) Limited</td><td>\$ 6.04</td><td></td></tr><tr><td>Advances</td><td></td><td>1,058.46</td><td>1,064.50 Not quoted</td></tr></tbody></table> <p>As disclosed in Dynamic Petroleum Products Ltd. Filing Statement No. 1383 dated December 22, 1965, the shares of Dynamic Petroleum Products Ltd. shall not be sold, loaned, distributed, transferred or dealt with in any manner whatsoever without the prior consent of The Toronto Stock Exchange.</p>	Shares	Company	Cost	Market Value	25,000	Dynalta Oil & Gas Co. Ltd.	\$ 6,125.00	\$ Not quoted	425,000	Dynamic Petroleum Products Ltd.	115,000.00	463,250.00	792,000	Royal Canadian Ventures Ltd.	261,760.00	229,680.00	6,096,694	Permo Gas & Oil Limited	2,255,776.78	1,280,305.74	1	DMC Petroleum Pty. Limited	1.20	Not quoted	2 shares at cost	Subsidiary Company: Mill City Petroleum (U.K.) Limited	\$ 6.04		Advances		1,058.46	1,064.50 Not quoted
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Advances		1,058.46	1,064.50 Not quoted																														
18. Brief statement of any lawsuits pending or in process against company or its properties.	A Statement of Claim has been filed against the Company by a former managing director claiming damages for wrongful dismissal and requiring specific performance of an alleged stock option agreement. A defence and counterclaim against this action has been prepared by the Company's solicitor.																																
19. The dates of and parties to and the general nature of every material contract entered into by the company which is still in effect and is not disclosed in the foregoing.	None, other than those required in normal exploration and producing operations.																																
20. Statement of any other material facts and if none, so state. Also state whether any shares of the company are in the course of primary distribution to the public.	Since the date of the balance sheet attached hereto, the demand loan receivable has been repaid by Ardley Coal Limited in the amount of \$90,000.00 and the Company has paid the demand note payable to Dynamic Petroleum Products Ltd. in the amount of \$200,000.00. No shares of the Company are in the course of primary distribution to the public.																																

CERTIFICATE OF THE COMPANY

DATED May 24, 1967

The foregoing, together with the financial information and other reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above and in respect of the company's affairs and there is no further material information applicable. (To be signed by two principal signing officers who are directors and the corporate seal to be affixed.)

Roger D. Paugh

Roger D. Paugh
President

CORPORATE SEAL

R. C. Brown

R. C. Brown
Secretary-Treasurer

CERTIFICATE OF UNDERWRITER OR OPTIONEE

To the best of my knowledge, information and belief, the foregoing, together with the financial information and the reports where required, constitutes full, true and plain disclosure of all material facts in respect of the matters referred to in Item 1 above in respect of the company's affairs. Concerning matters which are not within my knowledge, I have relied upon the accuracy and adequacy of the information supplied to me by the company. (To be signed by underwriter or optionee registered with the Ontario Securities Commission or a corresponding body.)